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Northwest Territories Legislative Assembly

Standing Committee on Accountability and Oversight

Report on the Review of the
2002-2005 Business Plans

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Standing Committee on Accountability and Oversight Report on the Review of the 2002-2005 Business Plans

Introduction

- The Standing Committees of the Legislative Assembly of the Northwest Territories met from September 24th to October 5th, 2001 to review the 2002-2005 Draft Business Plans for each of the departments of the Government of the Northwest Territories.

Infrastructure Acquisition Plan 2002-2007

- The Committee noted that there had been a significant change in the Capital Planning Process from previous years. Previously the departments had a capital budget from which they prioritized their projects and allocated resources. In the new Corporate Capital Planning Process the five-year capital plan was developed government-wide and decisions are made by a committee of deputy ministers. The Committee is concerned that this new process does not adequately consider the concerns of the communities or Regular Members. Therefore,

  The Standing Committee on Accountability and Oversight would like to see the re-introduction of the letter from the Premier to each Member, informing him or her of the changes to the capital plan in their riding.

  The Standing Committee on Accountability and Oversight expressed this recommendation during a briefing from the Government on the Corporate Capital Planning process on October 31st, 2001. As a result, the Government committed to re-instating that method of notification.

- Committee members were also concerned about the Corporate Capital Planning process's Primary Rating Criteria. The primary criteria is organized into five primary categories, which are as follows in order of priority:

  (a) Protection of people;
  (b) Protection of assets;
  (c) Protection of environment;

(d) Financial investment; and
(e) Program need or requirement.

Each project is also ranked against four secondary criteria, which consists of the following, in order:

(a) The scale of impact;
(b) The severity of the impact if the project is not completed;
(c) The urgency of the project; and
(d) The ability to mitigate.

- However, the Committee noted that the planning process prioritizes capital projects according to the highest priority, which is the protection of people. Committee members are concerned that this may lead to capital projects from larger centres being placed to the head of the line over the needs of smaller communities.

Department of Public Works and Services Surcharge

- During the review of the Department of Public Works and Services' Draft Business Plan, the Standing Committee on Governance and Economic Development noted the Department levies a 9 percent surcharge on projects or facilities, developed or managed on behalf of municipalities.

  The Department clarified that the surcharge is not levied against other departments, only on work done on behalf of others, which includes communities. The Committee is concerned that the Department is actually surcharging the Government because funding for many communities are from the same Government. The Department referred the Committee to the Financial Management Board Secretariat or FMBS for an explanation.

- The Standing Committee on Governance and Economic Development later reviewed the draft Business Plans for FMBS, and asked the Secretariat for an explanation of the 9 percent surcharge. FMBS explained that a surcharge is added to projects completed on the behalf of others to cover variable costs that are difficult to ascertain such as overhead and management. The Standing Committee on Governance and Economic Development did not find the explanation satisfactory, and referred the issue to the Standing Committee on Accountability and Oversight. Upon further consideration, Accountability and Oversight made the following recommendation to the Government:

The Standing Committee on Accountability and Oversight recommends that the Financial Management Board Secretariat reconsider the surcharge of 9 percent on services performed on behalf of community governments.

Business Planning Process

- The Standing Committee on Governance and Economic Development and the Standing Committee on Social Programs noted common concerns regarding the draft Business Plans and their development. These common issues are as follows:

A. Human Resource Plan

- The Standing Committees noted a lack of detailed information available in most of the departmental Human Resource Plans. Many departments lacked information about numbers of vacancies, turnover rates and Affirmative Action statistics. While an overall Government Affirmative Action report was later received, it would have been preferable to evaluate Human Resource Plans if a standardized format were developed and adopted for all departments.

B. Financial Information

- The Standing Committee on Governance and Economic Development was disappointed to see the lack of clear and consistent financial documents from the Department of Finance during its review of the Department's Business Plan. Numerous and constantly revised documents were delivered from the Government to the Committee over the two-week period of Business Plan Review.

  Given the number of updates to the financial statements submitted by the Government, the Committee found it difficult to assess the true financial state of the Government.

C. Results Reports

- The Results Reports were targeted by the Government to be completed and made available within four months after year-end. Therefore, the Results Reports for 2000-2001 should have been provided to the Standing

Committees by the end of July. The Committees did not receive the Results Reports until October 12, 2001, a full week after the last day of draft Business Plans review.

- The timely receipt of the Results Report would allow Standing Committees to properly review the Government's past performance and to more effectively review the Government's proposed Business Plans.

  The Standing Committee for Accountability and Oversight would like solid assurances from the Government that next year's Results Report will be submitted long before the review of draft Business Plans.

Income Support Savings

- The Standing Committee on Social Programs understood that the $1,500,000 in cost savings projected for the Income Support Program are the result of increased economic opportunities for northerners, and not the Department decreasing Income Support benefits.

- However, Committee Members believe that some of the economic opportunities that will lead to reduced demand for Income Support may also contribute to inflation.

  An example of this would be the amount of money available to single people on Income Support for accommodation. In Yellowknife, they are provided with $500 for accommodation each month. This has never covered the cost of independent accommodation, and with the recent increases in rental rates, this amount would not even cover the costs of moderate, shared rental accommodation.

- The Committee was also concerned that the amount an Income Support client receives for food does not contemplate the provision of a healthy food basket. It is not acceptable to Members that the amount of money provided to families on Income Support is inadequate. Members believe that the program needs to be improved to address inadequacies in providing a healthy food basket and meeting the accommodation needs of single Income Support recipients. Therefore,

  The Standing Committee on Accountability and Oversight recommends that the savings be re-invested back into the Income Support Program to improve its services to the public.

Placement of Initiatives

- Throughout the Business Planning review period both the Standing Committee on Governance and Economic Development and the Standing Committee on Social Programs noted several initiatives that had been placed within Departments that either did not have a clear mandate to deliver those initiatives or were not "service" departments, capable of effectively administering those initiatives.

  For example, the Standing Committee on Social Programs noted that the Social Agenda and the Maximizing Northern Employment initiatives had been placed in the Department of the Executive rather than in the Health and Social Services Department or the Department for Education, Culture and Employment.

  The Standing Committee on Governance and Economic Development also noted that the Financial Management Board Secretariat is now responsible for the establishment of a Hydro Unit to develop and implement a NWT Hydro Strategy. The Hydro Unit may have been more appropriately placed within the Department of Resources, Wildlife and Economic Development or the Northwest Territories Power Corporation rather than FMBS. In conclusion,

  The Standing Committee on Accountability and Oversight recommends the placement of initiatives within the most relevant department, rather than within the department of convenience.

NWT Economic Development Advisory Forum

- The Committee was made aware of the establishment of a new Northwest Territories Economic Development Advisory Forum as part of the Intergovernmental Forum during the review of the Department of the Executive's draft Business Plan.

  The Intergovernmental Forum established the NWT Economic Development Advisory Forum in May 2001. The mandate of the NWT Economic Development Advisory Forum is to provide advice and make recommendations on economic development issues affecting the Northwest Territories to the Intergovernmental Forum.

- The Committee has two concerns with regards to this new NWT Economic Development Advisory Forum:

  1. Members were unsure as to the necessity for another economic advisory role when the last study, Common Ground, has only recently been concluded; and

  2. If this new NWT Economic Development Advisory Forum is deemed to be necessary, the Committee would like assurances that the forum has clear guidelines and communication linkages with other departments and forums.

Increase in Air Travel Costs

- The Standing Committee on Governance and Economic Development, during its review of the Ministry of Aboriginal Affairs' draft Business Plan, noted a 6.9 percent increase in the Ministry's forced growth to offset increased air travel costs. When questioned about this expenditure item, the Ministry explained that they had been directed to include this by the Department of the Executive.

- Travel costs represent significant expenditures for all departments. Travel costs along with any increase in those costs should be clearly identified and factored into a department's overall expenditures.

  The Committee would like to know if this was a directive given to all departments, or if the directive was only applied to those departments within the Executive, as per the Committee's letter of October 24, 2001 to the Chairman of the Financial Management Board.